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**PRESENTATION  
ON BEHALF OF THE  
NATIONAL ASSOCIATION OF TELECOMMUNICATIONS  
OFFICERS AND ADVISORS  
ON  
SBC COMMUNICATIONS/AMERITECH  
CC DOCKET No. 141 ✓  
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DA No. 99-810 AND DA No. 99-837  
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MR. CHAIRMAN AND MEMBERS OF THE COMMISSION:

MY NAME IS JANE LAWTON AND I AM THE CABLE ADMINISTRATOR OF MONTGOMERY COUNTY, MARYLAND. I AM ALSO THE PRESIDENT OF NATOA, THE NATIONAL ASSOCIATION OF TELECOMMUNICATIONS OFFICERS AND ADVISORS.

[MY NAME IS LEE RUCK. I AM EXECUTIVE DIRECTOR AND GENERAL COUNSEL OF NATOA, THE NATIONAL ASSOCIATION OF TELECOMMUNICATIONS OFFICERS AND ADVISORS.]

NATOA IS A PROFESSIONAL ASSOCIATION OF LOCAL GOVERNMENT OFFICIALS, BOTH APPOINTED AND ELECTED, WHO ARE RESPONSIBLE FOR TELECOMMUNICATIONS PLANNING, IMPLEMENTATION, AND REGULATION IN AMERICA'S CITIES AND COUNTIES.

MOST OF THE PARTIES WHO HAVE PREVIOUSLY EXPRESSED CONCERN ABOUT THIS PROPOSED MERGER HAVE ADDRESSED ISSUES OF TELEPHONY. CONCERN AND ATTENTION ABOUT THE ANTICOMPETITIVE ASPECTS OF A MERGER OF TWO TELEPHONE GIANTS IS CERTAINLY APPROPRIATE. THE PROPOSED MERGER OF SBC AND AMERITECH, HOWEVER, PRESENTS ANOTHER POTENTIAL ANTICOMPETITIVE THREAT WITHIN THE COMMISSION'S JURISDICTION --A THREAT TO CABLE TELEVISION WHICH HAS NOT YET RECEIVED THE ATTENTION IT DESERVES.

OUR COMMENTS ADDRESS THE EFFECT THAT THIS TRANSFER MAY HAVE ON AMERITECH'S NEW MEDIA DIVISION (ANM) -- THE UMBRELLA FOR AMERITECH'S CABLE TELEVISION FRANCHISES -- AND THE NATION'S LARGEST CABLE OVERBUILDER. NATOA IS CONCERNED THAT ANM'S MISSION OF COMPETITIVE OVERBUILDING OF CABLE SYSTEMS MAY BE ABANDONED AS A RESULT OF THIS MERGER.

IN THE WASHINGTON, DC, AREA SBC ABANDONED ITS DOMESTIC CABLE OPERATIONS, AGREEING TO SELL ITS MONTGOMERY COUNTY, MD, AND ARLINGTON COUNTY, VA, SYSTEMS. SBC SHUTTERED ITS CABLE SYSTEM IN RICHARDSON, TEXAS. SIMILARLY, IT SHUTTERED PACTEL'S 8,000 SUBSCRIBER OVERBUILD OPERATIONS IN SAN JOSE, CALIFORNIA. SAN JOSE WAS CAUGHT COMPLETELY OFF GUARD BY SBC'S ACTIONS; IN FACT ONLY TWO DAYS BEFORE THE SHUTDOWN, PACTEL'S EXECUTIVES WERE OUTLINING A NEW TWO-YEAR OVERBUILD STRATEGY.

THIS YEAR, IN RESPONSE TO SPECIFIC QUESTIONS ABOUT ANM'S CABLE OPERATION SBC'S CEO, EDWARD E. WHITACRE, NOTED THAT SBC WOULD EXAMINE AND RETAIN ANM -- AS LONG AS IT IS PROFITABLE.

WHEN NATOA REPRESENTATIVES MET WITH ANM OFFICIALS LATE LAST SUMMER PRIOR TO ANY MERGER ANNOUNCEMENT, ANM EXPLAINED THAT ITS CURRENT RATE OF PENETRATION AGAINST THE CABLE INCUMBENTS WITH WHOM THEY WERE COMPETING WAS A SUCCESS. HOWEVER, THEY BELIEVED IT WOULD TAKE THREE TO FIVE YEARS TO AMORTIZE THEIR

CAPITAL INVESTMENT FOR EACH NEW OVERBUILT FRANCHISE THEY LAUNCHED.

NATOA IS CONCERNED THAT SBC MAY IGNORE THE AMORTIZATION REQUIRED FOR ANM'S CAPITAL INVESTMENT TO ESTABLISH AND OVERBUILD A TERRITORY. ANM NEEDS TO BE ALLOWED THE TIME TO RECOUP ITS INVESTMENT AND PROVE ITS PROFITABILITY.

AS RECENTLY AS APRIL 12, 1999, IN AN INTERVIEW WITH *BUSINESS WEEK MAGAZINE*, MR. WHITACRE NOTED HIS CONTINUED DISDAIN FOR HIS COMPANY'S INVOLVEMENT WITH CABLE TELEVISION, "WE HAVEN'T DONE ANY GOOD IN THE CABLE TV BUSINESS. I'M THE GUY WHO SAID, 'BUY [CABLE COMPANIES] IN WASHINGTON, DC,' AND I'M THE SAME GUY WHO SAID, 'LET'S GET OUT OF THE BUSINESS'."

FURTHER ACKNOWLEDGING A LIKELY DIMINUTION OF EFFORT, MR. WHITEACRE TESTIFIED BEFORE THE U.S. SENATE ANTITRUST SUBCOMMITTEE THAT HE "MAY PULL BACK ON AMERITECH'S AGGRESSIVE CABLE STRATEGY." SENATOR JOHN MCCAIN LAMENTED THAT "WE HAVE SEEN THE CONSOLIDATIONS WITHIN THE INDUSTRIES; WE HAVE SEEN MERGERS, RATHER THAN COMPETITION; AND WE HAVE SEEN INCREASED RATES, WHETHER THEY BE IN CABLE, OR LOCAL, OR LONG DISTANCE, INDICATING AGAIN THAT THE TELECOMMUNICATIONS ACT OF 1996, WHETHER INTENDED SO OR NOT, [HAS] PROTECTED INDUSTRIES AND PROTECTED EVERYBODY BUT THE CONSUMER."

EFFECTIVE COMPETITION TO CABLE TELEVISION BY OTHER INDUSTRIES HAS BEEN SLOW IN COMING. SIMILARLY, INTRA-CABLE COMPETITION AND OVERBUILDING HAS NOT BEEN AGGRESSIVELY PURSUED, EXCEPT BY ANM. ANM'S SUCCESS IN PENETRATION OF AN INCUMBENT'S SUBSCRIBER BASE HAS OFTEN FORCED THE INCUMBENT OPERATOR TO TAKE ACTION BY ELIMINATING INCREASES, LOWERING PRICES OR OTHER CONSUMER BENEFITS THAT ARE THE RESULT OF *TRULY EFFECTIVE COMPETITION*.

REMOVAL OF ANM FROM THE CABLE ARENA WOULD THREATEN CONSUMERS AND THE PUBLIC INTEREST IN TWO GROUPS OF COMMUNITIES. FIRST, THOSE CITIES WHERE ANM COULD ADD TO ITS CABLE FRANCHISE PROPERTIES WILL NOT HAVE THE BENEFIT OF POTENTIAL COMPETITION. SECOND, GIVEN SBC'S HISTORIC TREATMENT OF VIDEO PROPERTIES, WE ARE ALSO CONCERNED ABOUT COMMITMENTS MADE BY ANM IN EXISTING CABLE FRANCHISES. EVEN IN THOSE CITIES WHERE COMPETITION IS ALREADY CONTRACTUALLY GUARANTEED, TRUE COMPETITION WILL NOT BE REALIZED IF SCB DOES NOT ACTIVELY AND AGGRESSIVELY COMPETE.

IN SUMMARY, NATOA REQUESTS THE FCC TO CAREFULLY EXAMINE THE ANTICOMPETITIVE POTENTIAL IN CABLE TV IN THE PROPOSED TRANSFER OF CONTROL, AND TO TAKE ACTION TO ASSURE THAT THE CURRENT AND POTENTIAL BENEFITS THAT CONSUMERS RECEIVE VIA CABLE TV COMPETITION PROVIDED BY ANM WILL BOTH CONTINUE AND INCREASE.